Foster Care Tax Credit Act (S. 664)

Foster parents make a significant and meaningful difference in the lives of so many vulnerable children by opening their hearts and homes. But we continue to struggle to recruit and retain enough foster families to ensure each child is placed in a family-like setting.

Caring for a child in foster care can be more expensive than caring for one's own biological children. Children placed into foster care often have experienced significant emotional and physical trauma and have higher incidences of medical and behavioral health issues, resulting in additional costs to parents. On average, current foster care rates would have to increase almost 40% nationwide to provide for basic care

Some benefits already exist in the current tax code to support these families, but few are aware of their existence or utilize them.

What the bill does:

The Foster Care Tax Credit Act provides additional tax relief to foster parents and helps cover the actual costs of caring for a foster child by establishing an inflation-adjusted, refundable tax credit of up to $1,000 per year, per foster child. This credit is pro-rated by the number of months a foster child is in a family's care.

The bill also directs the Department of Health and Human Services, in coordination with the Department of Treasury, to increase outreach and education to State and Indian tribal foster care agencies and to foster families on the tax benefits available.

The bill is supported by the Alliance for Strong Families and Communities and the Child Welfare League of America.

For questions or to cosponsor, contact Megan DesCamps in Senator Heitkamp's office at megan_descamps@heitkamp.senate.gov or 202-224-2043.